

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF SECURITIES
1511 PONTIAC AVENUE, BUILDING 69-1
CRANSTON, RI 02920

IN THE MATTER OF

COASTAL MANAGEMENT GROUP, LLC
MICHAEL G. RILEY

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CONSENT AGREEMENT
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I.

The Securities Division ("Division") of the Rhode Island Department of Business Regulation (the "Department") enters into this Consent Agreement (the "Agreement") to resolve concerns that §§ 7-11-203 and 7-11-301 of the Rhode Island Uniform Securities Act of 1990, §7-11-101 *et seq.* of the Rhode Island General Laws, 1989, as amended (the "RIUSA"), has been violated by Coastal Management Group, LLC ("CMG", the "Firm"). The Division has determined to resolve this matter, after investigation but without instituting administrative proceedings, by entering into this Agreement.

II.

It is hereby agreed by and between the Division and CMG that:

1. CMG, a limited liability company registered in Rhode Island, is a licensed investment adviser with a principal place of business at 34A Pier Market Place, Narragansett, Rhode Island.
2. At all times relevant to this Agreement, it has been unlawful for a licensed investment adviser to employ a person as an investment adviser representative in this State unless the investment adviser representative is licensed or exempt from licensing under the RIUSA.

3. At all times relevant to this Agreement, it has been unlawful for any person to offer to sell or sell a security in this state unless the security is registered under this chapter, the security or transaction is exempt under this chapter; or it is a federal covered security.
4. On May 4, 2012, Securities Division Examiners (the “Examiners”) conducted a routine examination at the offices of CMG and found the following deficiencies that constituted violations of §§7-11-203 and 7-11-301 of the RIUSA:
 - a. During the period January 1, 2009, through May 23, 2012, CMG employed one individual as an Investment Adviser Representative in this State without benefit of licensing, or exemption from licensing, in violation of §7-11-203 of the RIUSA.
 - b. CMG Managing Partner, Michael Riley served as the Executive Officer of the Narragansett Multi-Strategy Fund LLC (the “Fund”), a private offering, with assets of approximately ten millions dollars, that relied on an exemption from registration with the Securities and Exchange Commission (the “SEC”) under Rule 506 of Regulation D of the Securities Exchange Act (the “Act”). The Fund was sold in this State but the Executive Officer failed to Notice File within fifteen days of the first sale in this State as required. This failure to Notice File constitutes a violation of §7-11-301 of the RIUSA in that the sale of the Fund comprised the sale of an unregistered security.

III

Based on the foregoing, the Division finds that the following is in the public interest, appropriate for the protection of investors and consistent with the purposes intended by the policy and provisions of the RIUSA.

Accordingly, it is hereby further agreed that:

1. CMG shall immediately undertake to comply fully with §§ 7-11-203 and 7-11-301 of RIUSA and the Rules promulgated thereunder;
2. CMG shall immediately update Form U-4, Jurisdiction Registration, through the CRD, and pay the appropriate fees to properly license its Investment Adviser Representative in this State;
3. CMG shall immediately file Form D with the SEC and Notice File the offering in this State, accompanied by a fee of \$300.00, in compliance with § 7-11-402(18) of the RIUSA;
4. Upon execution of this agreement, CMG shall pay an administrative penalty of Fifteen Hundred Dollars (“\$1,500.00”), and licensing fees in arrears of One Hundred Ninety Five Dollars (“\$195.00”) to the Department for the period during which the unlicensed sales activity took place;
5. Additional violations of Section 203 and Section 301 of the RIUSA may be grounds for significant and substantial penalties such as revocation or suspension, administrative penalties up to ten thousand dollars (\$10,000.00) per violation and the imposition of criminal and civil sanctions.

Dated as of the 11th day of September, 2012.

Maria L. D'Alessandro
Maria L. D'Alessandro, Esq.
Deputy Director Securities, Commercial Licensing
and Racing & Athletics

By: Michael G. Riley
Coastal Management Group, LLC.

Its Managing Member

On this 7 day of Sep, 2012 appeared before me Michael Riley,
_____ who executed the foregoing Consent Agreement and who duly acknowledged to
me that he was authorized to do so.

Donna Collins
NOTARY PUBLIC

My Commission Expires 10/8/2012